

Beginners Guide to Procurement

How to explain and 'sell' procurement to beginners



Agenda

- Why are we here?
- Procurement Basics
 - Define Procurement
 - Procurement Authority Simplified
 - Public vs. Private Procurement
 - Purchasing vs. Procurement
- Fundamental Principles
- Defining Value
- Sales Pitch
- Your Turn!



Why Are We Here?



Define and “Sell” Procurement’s Value

- Procurement’s image problem
- Selling procurement
 - ✓ How to tell your story
 - ✓ Articulate your purpose
 - ✓ Avoid jargon
 - ✓ Keep it real and relatable
- It’s time for procurement to shine!

What is Procurement?



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What is Procurement?



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- Boring!
- Nothing but Red Tape
- Office of Nope

What is Public Procurement?

“The designated legal authority to advise, plan, obtain, deliver, and evaluate a government’s expenditures on goods and services that are used to fulfill stated objectives, obligations, and activities in pursuit of desired policy outcomes.”

- *NASPO, 2018*



What is Procurement Authority & Why Does it Matter?



- Ability to purchase goods and services as authorized by statute, administrative code and State policy
- Defines the “what,” “who,” “when,” “why” and “how” purchasing activities are executed
- Includes the power to control the choice of sourcing methods, sourcing activities and the conduct of contract negotiations
- It governs the processes, responsibilities and criteria for making decisions on price, suitability and quality issues

What is Public Procurement?

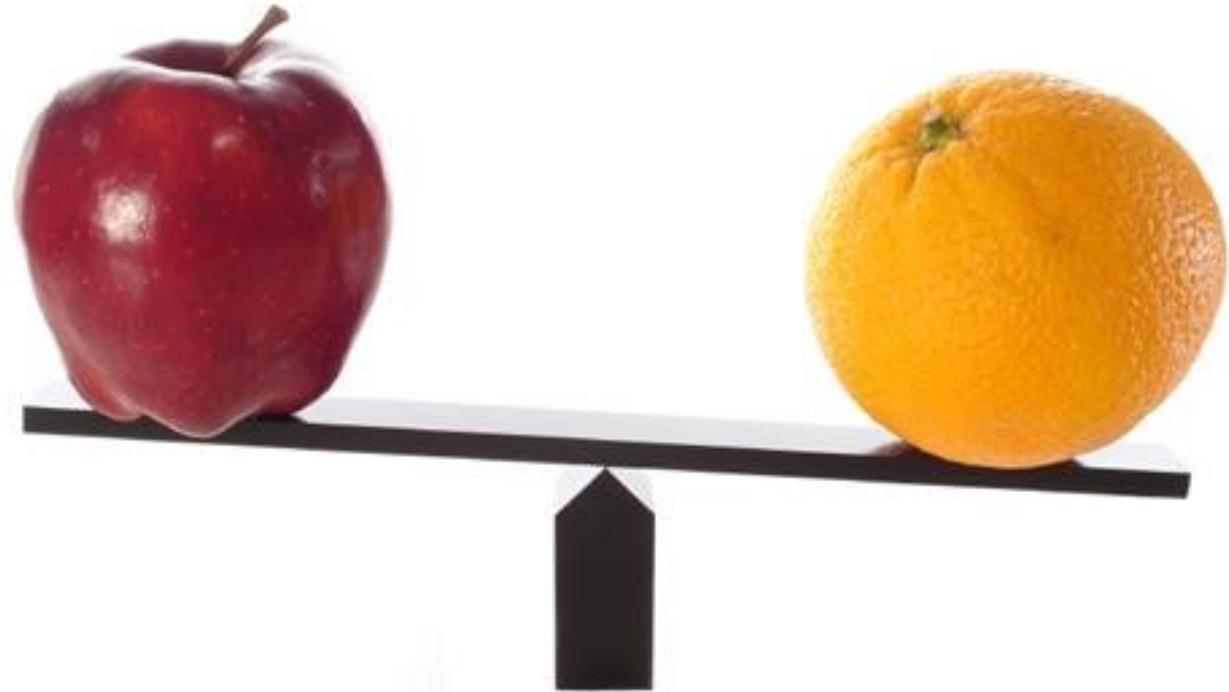
“Power structures are one of the most important factors affecting an organization’s operations - deciding who wields authority to control public procurement is one of the key issues underlying how well your entity can conduct its procurement activities.”

– *NIGP’s The Public Procurement Guide for Elected and Senior Government Officials, 2016*



What is Procurement?

- Public vs. Private
- Procurement vs. Purchasing



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Procurement Basics

Public Procurement

- Accountable to 5.8 million stakeholders (citizens)
- Focus on public trust
- Legal framework, structured processes, policies & procedures
- Need for great care, clarity, and transparency

Private Procurement*

- Report to Shareholders
- Goal of profitability
- More flexibility with budget and process
- Lesser regulatory reporting

**Varies by Company and by Industry*



Procurement Basics

Procurement vs. Purchasing



Procurement

- An umbrella term covering a “cradle to grave” approach for activities associated with acquiring goods and services
- Includes need recognition, planning, sourcing, contract award, contract management, contract closure
- Proactive and strategic approach to sourcing
- Focuses on long-term goals, like gaining competitive advantage or alignment with organizational strategy

Procurement Basics

Procurement vs. Purchasing



Purchasing

- A subset of the broader procurement function that includes transactions associated with buying goods and services
- Includes obtaining quotes, processing requisitions, purchase orders and payments
- Transactional approach to satisfy needs
- Focus on 5 rights of purchasing – right price, right quantity, right quality, right delivery and right place

Foundational Concepts, Guiding Principles & Core Values

Competition

Ethics

Impartiality

Accountability

Transparency



Foundational Concepts, Guiding Principles and Core Values

“Public confidence in the integrity of government is indispensable to faith in democracy; and when people lose faith in the system, we lose faith in everything we fight and spend for.”

– *Adlai Stevenson, Governor of Illinois, 1952*



Competition



Best possible prices



Highest quality



Encourage innovation



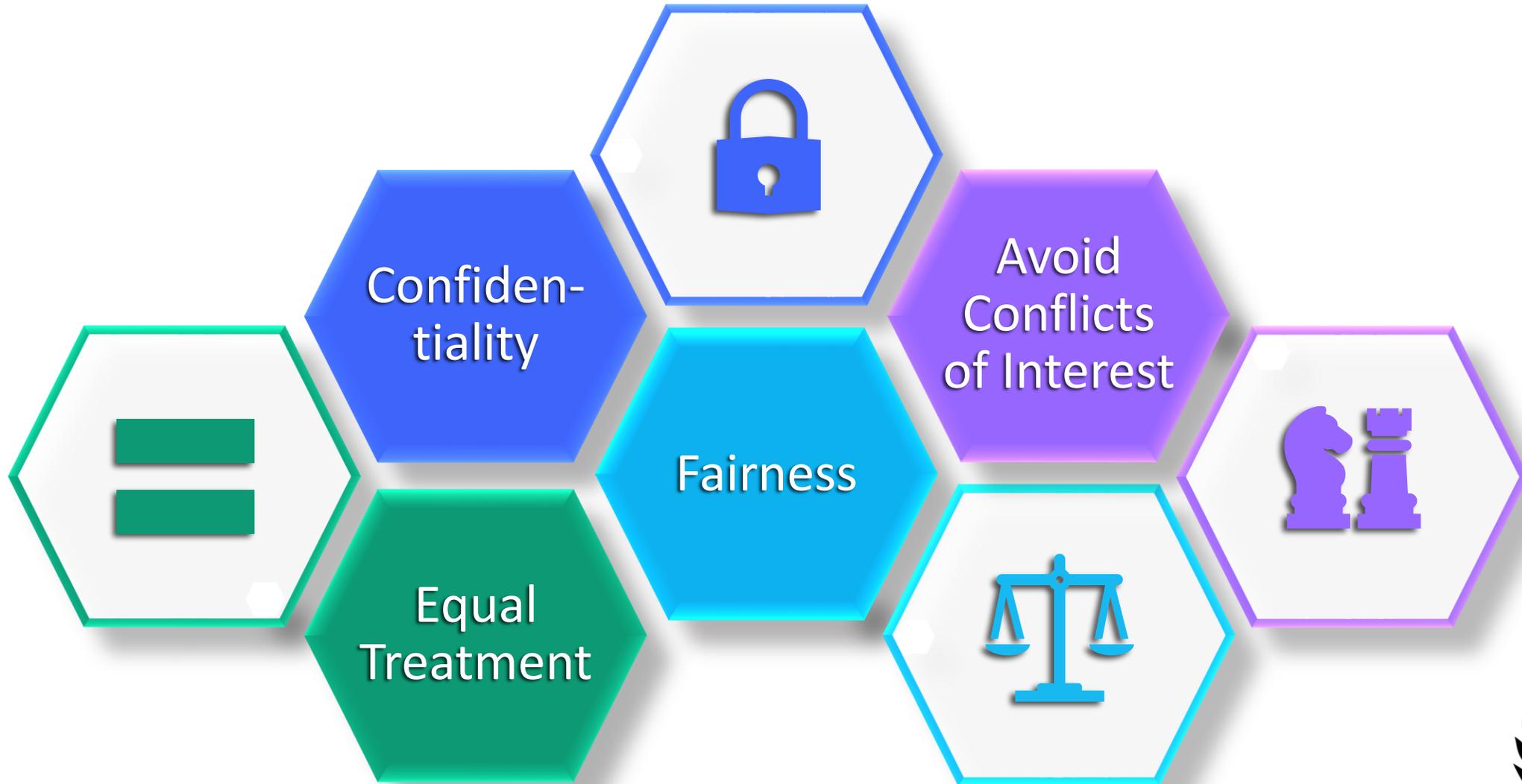
“Do not Lie, Cheat, or Steal. Do not tolerate one who does.”

- *Military Honor Code*

- Do the right thing, even when no one is looking
- Respect the rules, the process and the system
- Uphold your duty to the citizens of Wisconsin
- Be courageous!



Impartiality



Accountability

- We are part of a system
- Own your place
- Respect it



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Transparency

- Citizens have a right to know what we're doing
- Vendors deserve to know what the process is and where they fall in it



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Define Your Value!

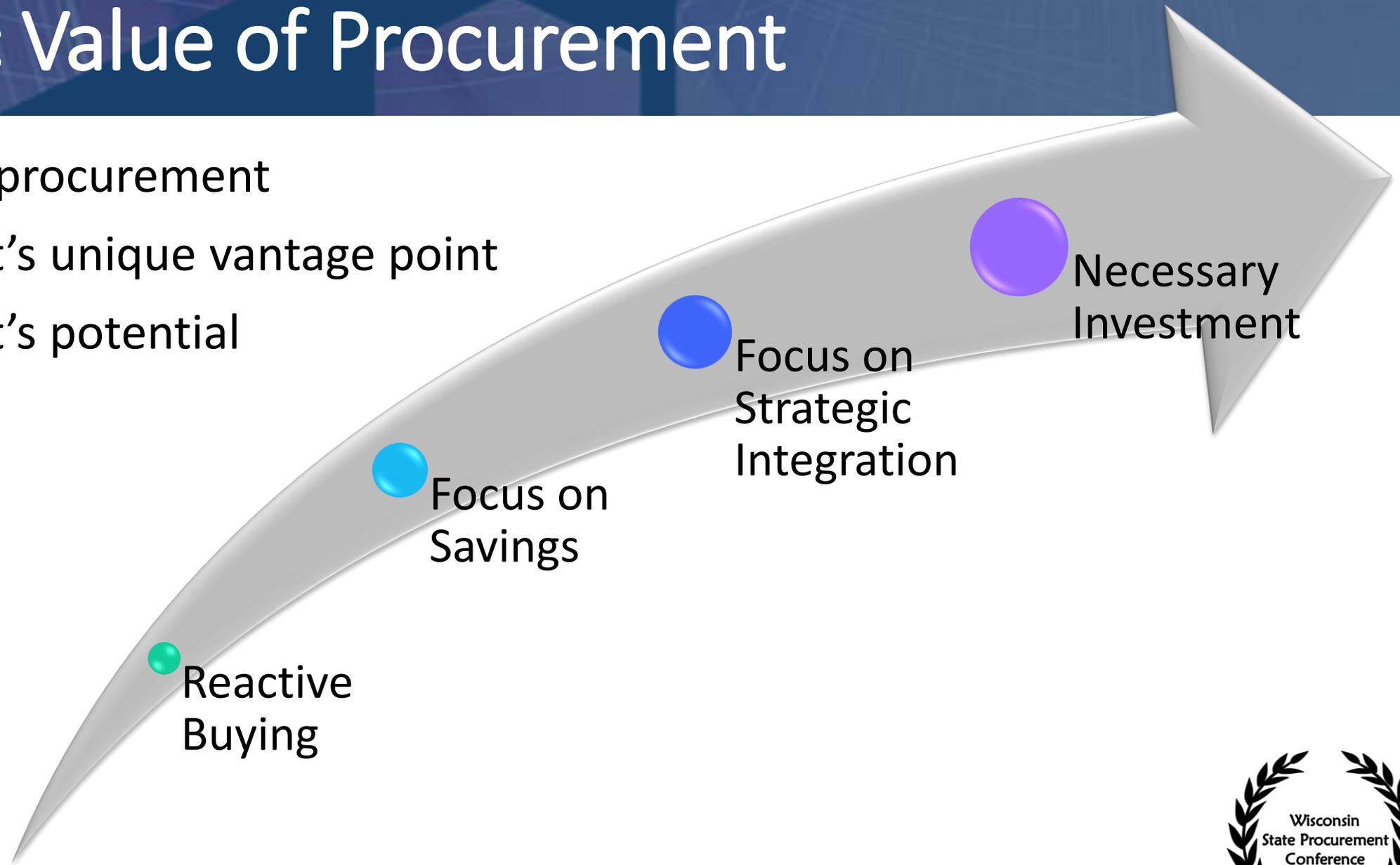


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Strategic Value of Procurement

- Evolution of procurement
- Procurement's unique vantage point
- Procurement's potential



Sales Pitch

- Define your product
- Showcase the fundamentals
- Know and show your value
- Make it easy to understand
- **SOLD!**



Your Turn!

- What's your 30-second sales pitch?
- Explain procurement's value
- Tell your story



Questions?

Thank you for participating!

